MFDA Releases new Seniors & Vulnerable Clients Bulletin

October 27, 2019

Ahead of the MFDA's Seniors Summit scheduled for October 30, 2019, the MFDA released a brief bulletin of two dealer best practices:

1. requesting clients to name a trusted contact person (TCP); and
2. placing a temporary hold on transactions where there are reasonable concerns regarding financial exploitation of a client or a client's mental capacity.

Interestingly, both practices are triggered when the investment advisor or dealer has "reasonable concerns" about a client's capacity and/or financial situation.

Trusted Contact Person

A TCP is a person that an advisor may call when he or she has **reasonable concerns** about a client's mental capacity. A TCP is not intended to be a substitute for a power of attorney (POA), but a complement to the POA and almost always should be a separate person. The TCP should not be an individual who has an interest in the client's account and/or is involved in making financial decisions to the account. As a best practice, the MFDA recommends that members take reasonable steps to obtain the name and contact information of a TCP when a client opens an account.

Temporary Holds

The bulletin also recommends that dealers should develop policies and procedures to enable the dealer to put a temporary hold on a transaction where there is a **reasonable concern** that financial exploitation of the senior or vulnerable client is taking place or a reasonable concern regarding the mental capacity of the client related to financial decision making. The policies and procedures should address matters including identifying supervisory and staff authorized to; (1) place the hold; and (2) review, monitor or address the issues in relation to the hold; and (3) decide to complete or disallow the transaction subject to the temporary hold.

When the decision is made to put a hold on an account, the MFDA recommends that the investment advisor notify the client, contact the TCP (where appropriate) and any parties authorized to transact on the account as quickly as possible. The hold should

only last as long as is required to address the concerns and should update the client as necessary.

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